DOCUMENT RESUME

ED 043 828 AC 008 549

AUTHOR	Hatcher, Ester L.; Dotson, Robert S.
TITLE	Consumer Credit Practices of Selected Home Demonstration Club Members in Madison County, Tennessee. A Research Summary of a Graduate Study.
INSTITUTION	Tennessee Univ., Knoxville. Agricultural Extension Service.
PUB DATE	Sep 70
NOTE	43p.
EDRS PRICE	EDRS Price MF-$0.50 HC-$2.25
DESCRIPTORS	*Adoption (Ideas), Bibliographies, *Consumer Education, Credit (Finance), Family Income, *Homemakers Clubs, *Housewives, Information Sources, Negroes, Participant Characteristics, Purchasing, Rural Areas, Rural Farm Residents, Statistical Data
IDENTIFIERS	Tennessee

ABSTRACT

Ninety selected negro home demonstration club members active in Madison County, Tennessee in 1969 were studied to determine their consumer credit practices. Specific purposes were to: characterize club members in high, middle, and low income groups; determine which recommended practices they were using; and identify some of the factors that influenced them to adopt or reject the practices. It was found that all members were interested in the 34 practices and all were using about one third of them. High income respondents were closer to practice adoption than the low income respondents on 29 of the 34 recommended practices. Home demonstration club meetings, television, and the daily newspaper were the major sources of information on credit practices used by all respondents. The majority (94%) of all respndents were interested in attending one or more meetings on consumer credit. (Statistical tables and a bibliography are included.) (PT)

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Extension Study No. 9
S. C. 746

A Research Summary of a Graduate Study

ED043828

CONSUMER CREDIT PRACTICES OF SELECTED HOME DEMONSTRATION CLUB MEMBERS IN MADISON COUNTY TENNESSEE

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September 1, 1970

AC006547

ED043828

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CONSUMER CREDIT PRACTICES OF SELECTED HOME DEMONSTRATION CLUB MEMBERS IN MADISON COUNTY, TENNESSEE

by

Ester L. Hatcher
and
Robert S. Dotson

August, 1970

ABSTRACT

The purpose of this study was to determine the consumer credit situation among home demonstration club members in Madison County, Tennessee, as a basis for planning educational programs. Home demonstration club members were divided into high, middle, and low income groups and compared for the purposes of (1) characterizing them; (2) determining which recommended consumer credit practices they were using; and (3) identifying some of the factors that influenced them to adopt or reject the practices.

Seventy Negro home demonstration club members were randomly selected for personal interviews from a population of 160 in Madison County. Interviews were conducted during the summer of 1969. Main comparisions were between high and low income respondents in an effort to identify generalizable group differences. Findings related to the total group interviewed also were studied.

The home demonstration club members in this study included 80 percent farm and 20 percent rural non-farm residents. The majorities of both high and low income respondents were farm residents.

More than four-fifths of all respondents were homeowners. A larger percent of the high income (87) owned homes than the low income (65). The vast majority of middle income (95 percent) respondents owned their homes.

Thirty-five percent of all interviewees worked outside of the home including one-half (50 percent) of the high income and slightly more than one-fifth (22 percent) of the low income.

The major occupation of all interviewees' (43 percent) husbands was wage earner. A smaller percent (17) of them were full-time farmers. Most husbands of high income respondents (71 percent) were wage earners but full-time farmer was the major occupation of those in the low income (17 percent) group.

One-half of those interviewed had completed more than the eighth grade. This was true for a larger percent of the high income (64) than the low income (26 percent). None of those in the low income group had completed more than the tenth grade as compared to more than one-half of the high income.

Slightly more than one-half (51 percent) of the respondents were 55 or more years of age. Only one-tenth (10 percent) of them were under 35 years of age. Low income respondents as a group were older than the high income.

All interviewees were using about one-third of the 34 recommended consumer credit practices. High income respondents were closer to practice adoption than were the low income respondents on 29 of the 34 recommended consumer credit practices studied. Low income respondents were closer to practice adoption on the following three practices: (1) "examined the contract to know exactly what was purchased when goods and/or services were obtained on credit," (2) "made the down payment as large as possible in most cases when buying goods and/or services on credit," and (3) "kept credit purchases and loans to a limited number of places."

With regard to factors influencing practice adoption, almost two-thirds (66 percent) of all interviewees felt that homemakers did not have the knowledge needed to adopt the recommended consumer credit practices. High and low income groups were similar in this respect.

Almost nine-tenths (88 percent) of all interviewees did not seek the advice of anyone concerning the best place to buy on credit. Almost all of the high income (96 percent) and more than three-fourths of the low income (78 percent) were in this category.

Home demonstration club meetings (53 percent), television (29 percent), and the daily newspaper (24 percent) were the major sources of information used by all respondents to secure information on consumer credit. A larger percent of the high income respondents than of the low received information through mass media. Low income respondents depended almost equally on television and home demonstration club meetings as their major source of information.

The majority (94 percent) of all interviewees were interested in attending one or more meetings on consumer credit.

Based on the findings of this study it was recommended that a more effective and efficient program on consumer credit be conducted for the home demonstration club members in Madison County, Tennessee. Implications of the findings for program emphasis were also included in the study.

RESEARCH SUMMARY*

I. INTRODUCTION

Selected Negro home demonstration club members in Madison County were studied to provide benchmark data for planning educational programs on consumer credit. Specific purposes were (1) to characterize home demonstration club members in high, middle, and low income groups; (2) to determine which recommended practices they were using; and (3) to identify some of the factors that influenced them to adopt or reject the practices.

Research Methodology

The study was limited to certain home demonstration club members who were active in 1969. The population included 160 members in eight home demonstration clubs. Seventy club members were randomly selected for this study. All were interviewed in a home visit in the summer of 1969.

The interview schedule used in the study was developed with the assistance of The University of Tennessee staff members. Analyses were made in percents, averages, and medians according to totals for all interviewees, high, middle, and low income groups.

For study purposes, home demonstration club members were separated into groups according to the income category reported on the schedule. Low income respondents were classified as those making less than $3,000. Those included in the low group ranged from $1,000 through $2,999. The

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$3,000 through $4,999 gross income respondents were classified as middle income. Respondents receiving from $5,000 through $15,999 classified for the high income group.

All interviewees were questioned concerning their adoption of 34 recommended consumer credit practices (See Appendix). Practice diffusion ratings were given to answers of all respondents for each practice ranging from zero for "unaware" to five for "using." Average diffusion ratings then were used in comparing the adoption levels of interviewees in all income groups in relation to the recommended practices.

Related Literature

A review of related literature revealed that very limited research was available on specific characteristics of home demonstration club members, practice adoption, and particularly, factors influencing practice adoption of recommended consumer credit practices. Some research was available concerning credit consumers in general.

Findings from previous studies indicated that home demonstration club members tended to be in lower income groups, were older, lived more frequently of farms, and were more receptive to information related to financial management than non-home demonstration club members.

Factors considered influential in the adoption of consumer credit practices in groups with similar characteristics to those of home demonstration club members included: attitude toward credit; age and educational level; contact with Extension Workers; and teaching methods used in the contact.

No record of a previous Extension study having the same objectives as the present study was to be noted in the literature available.

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II. MAJOR FINDINGS

The Characteristics of Respondents

A summary of some of the characteristics of those studied includes the following findings:

1. The majority (80 percent) of all interviewees were farm residents, high and low income groups being quite similar.

2. Most respondents (83 percent) were homeowners, a higher percent (89 percent) of the high income than the low (65 percent) owning their own homes.

3. More than four-fifths (82 percent) of all respondents were married, almost all of the high income (96 percent) and more than one-half (57 percent) of the low income so reporting. Most of the remainder in both groups were widowed.

4. Thirty-five percent of all interviewees worked outside the home; one-half (59 percent) of the high income and only 22 percent of the low income so reporting.

5. The major occupation of all interviewees' husbands was "wage earner" (43 percent), the same being true for the high income group (71 percent); while "full-time farmer" was mentioned most frequently by the low income (17 percent).

6. More than one-half (51 percent) of the respondents were 55 or more years of age, 32 percent of the high income and 80 percent of the low income group so reporting.

7. Respondnets with children had an average of 5 per family, 6 for those with low incomes and 5 for the high income; while the latter respondents (5) had more dependent children than the former (3).

8. One-half (50 percent) of those interviewed had completed more than the eighth grade, 64 percent of the high income and 26 percent of the low income being included. (None of those in the low income category had completed more than the 10th grade as compared to 51 percent of the high income respondents.)

9. Nearly one-fourth (24 percent) of all interviewees received Social Security payments including 35 percent of the low income and 11 percent of the high income. Only low income respondents received income from "Aid to Dependent Children" (13 percent), "Old Age Assistance" (4 percent), and children (4 percent).

10. Thirty-two percent of the respondents owned credit cards and 28 percent used them to make purchases, all of the low income (17 percent) owning credit cards used them; while 43 percent of the high income owned and 32 percent used credit cards.

11. Majorities of all respondents made purchases of clothing (53 percent), hardware (51 percent), furniture (46 percent), medicine (36 percent), food (33 percent), and television or radio (33 percent) on credit. The top ranking credit purchases of the high income respondents were clothing (68 percent), furniture (54 percent), hardware (50 percent), television or radio (39 percent) and medicine (32 percent), as compared to the low income major purchases of furniture (44 percent), hardware (39 percent), medicine (39 percent), range (39 percent), and food (35 percent).

12. Most credit purchases were made in the "central city" on all items excepting food, which was purchased locally.

13. Credit was used more times by all interviewees, on the average, at department stores (80), grocery stores (46), and service stations (76).

High income respondents used credit more times than the low income at banks, department stores, and service stations; whereas the low exceeded the high in number of times of credit use at finance companies, with door-to-door salesmen, at grocery stores, and with doctors and dentists.

14. The average amount charged was more for high income respondents using credit at banks, finance companies, department stores, service stations, and with doctors and dentists. The low income charged more at the grocery store and from door-to-door salesmen.

15. Concerning the length of loan, longer terms (2 or more years) were obtained by all interviewees using credit at banks (31 percent), finance companies (24 percent), television or radio (19 percent), furniture (18 percent), cars (17 percent), and ranges (14 percent). More high income respondents had longer terms than the low income on all items excepting the range.

16. The 30-90 day credit was used by most respondents using credit with the doctors and dentists (29 percent), medicine (27 percent), grocery (24 percent), and at the service stations (14 percent). More low income respondents used the short term credit than high income at grocery stores, with doctors and dentists, and when purchasing medicine; while more of the latter than the former used the 30-90 day credit at service stations.

17. Revolving credit was used most frequently by respondents making credit purchases of clothing (50 percent) and bedspreads (23 percent), a higher percent of high income (64) than low (17 percent) were using the revolving charge for clothing. The reverse was true for the credit purchases of bedspreads, 26 percent of the low and 21 percent of the high income groups so reporting.

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18. Credit was obtained for twelve months by most interviewees (33 percent) charging hardware. The same was true for both (28 percent) high and low income groups.

19. As to the frequency of payments, all interviewees (59 percent) with credit at department stores made monthly payments, including 68 percent of the high income and 30 percent of the low income. Most respondents with credit at banks (40 percent), finance companies (24 percent), service stations (15 percent), and with doctors and dentists (47 percent) made monthly payments. More high than low income respondents made monthly payments at banks, finance companies, gorcery stores, and service stations. The low income exceeded the high income in monthly payments to the door-to-door salesmen, and doctors and dentists. Weekly payments were made by more (20 percent) of the interviewees obtaining credit at the grocery stores, more low (35 percent) than high (11 percent) income respondents reported in this category.

20. More actual payments, on the average, were made by all respondents using credit at service stations (19), grocery stores (17), department stores (16), finance companies (10), and banks (9). High income respondents exceeded the low income in number of payments to the grocery stores, department stores, finance companies, and banks, whereas, the low income exceeded their counterparts in number of payments, to doctors and dentists, and door-to-door salesmen.

21. Less than one-tenth (7 percent) of the interviewees knew the amount of interest they paid for the use of credit the year prior to the survey, none of the low income and one high income respondent (4 percent). Twenty-one percent of the middle income respondents were aware of the amount of interest they paid.

22. When scores were given to the credit bureau rating, all interviewees, on the average, received a "fair" rating, although the high income had a slightly higher score than the low income.

23. More than two-thirds (68 percent) of all interviewees showed some interest in improving their credit situation, almost four-fifths (78 percent) of the high income and more than one-half (53 percent) of the low income so reporting. However, 47 percent of the low and 29 percent of the high income were not interested at all.

24. All respondents were "friendly" toward the survey, excepting one low income interviewee who was only "somewhat" friendly.

The Consumer Credit Practices Followed by Respondents

A summary of major findings related to the adoption of recommended consumer credit practices includes the following:

1. When the rating scale of 0 to 5 was applied to the 34 recommended consumer credit practices (See Appendix), the average adoption score for all interviewees was 3.83, placing them in the "has tried, but not now using" stage of the diffusion process.

2. On the average, the high income respondents (4.00) rated in the "has tried" stage of adoption, whereas, the low income (3.41) were "planning to try" the practices.

3. The average ratings of high income respondents exceeded those of the low income on 29 of the 34 recommended consumer credit practices. Comparative ratings on the other 5 practices were not radically different.

4. Low income respondents were closer to practice adoption on the following three practices: (a) Practice 6, "examined the contract to know exactly what was purchased when goods and/or services were obtained on credit," (b) Practice 10, "made the down payment as large as possible in

most cases when buying goods and/or services on credit," and (c) Practice 29, "kept credit purchases and loans in a limited number of places."

5. The high income respondents were "using" more (14) recommended consumer credit practices than the low income (11).

6. The high income respondents, on the average, were found to be only in the "interested" stage on three practices, including: (a) Practice 12, "checked the amount of interest and service charges in dollars and simple annual interest rate when goods and/or services were purchased on credit;" (b) Practice 26, "regarded the true annual rate of interest when obtaining a loan;" and (c) Practice 34, "sought the advice of professionals in planning for credit purchases and loans." The low income respondents, on the average, were merely "interested" in eight practices that included the three above and the following: (a) Practice 11, "inquired concerning what would happen if a payment was missed when goods and/or services were obtained on credit;" (b) Practice 23, "investigated the honesty and reputation of the lender before obtaining a loan;" (c) Practice 24, "inquired whether the loan could be paid off early without a penalty when borrowing money;" (d) Practice 25, "sought information on refinancing the loan in advance;" and (e) Practice 32, "shopped for the lowest interest rates when credit purchases and loans were made."

Factors Influencing Respondents in the Adoption of Consumer Credit Practices

Findings listed below concern some of the factors which might have influenced interviewees to adopt or not to adopt recommended consumer credit practices:

1. More than one-half (52 percent) of all interviewees liked to use credit because it provided an opportunity to buy the items needed without cash (45 percent of high income and 61 percent of low income respondents).

2. More than one-third (38 percent) of all interviewees did not dislike anything about credit, more low (40 percent) than high (29 percent) income people being included.

3. More (60 percent) of the high income respondents had plans for adopting two or more of the recommended consumer credit practices discussed than was true for the low (26 percent) income.

4. The majority (66 percent) of the respondents felt that homemakers do not have the knowledge needed to adopt recommended consumer credit practices, high and low income groups being similar.

5. Eighty-eight percent of all interviewees were not seeking advice from anyone concerning the best place to buy on credit, almost all (96 percent) of the high income and more than three-fourths (78 percent) of the low income were included.

6. Home demonstration club meetings (53 percent), television (29 percent), and the daily newspaper (24 percent) were the major sources all respondents used in receiving information on consumer credit. The major sources for the high income group included the daily newspaper (36 percent), television (32 percent), and radio (29 percent). The low income group reported "none" (35 percent) as major source, television (26 percent) as second, and home demonstration club meetings, and the daily newspapers as third choice (23 percent).

7. The vast majority of all interviewees (94 percent) were interested in attending one or more meetings on consumer credit. All of the low income (100 percent) and all but two (93 percent) of the high income were interested.

III. IMPLICATIONS

1. Since all interviewees were at least "interested" in the 34 consumer credit practices, and since the majority stated that homemakers do not have the knowledge needed to adopt recommended practices and since most respondents were interested in improving their family credit situation, it was implied that intensive Extension effort is needed on consumer credit and would be well received by the Madison County Home Demonstration Club Members.

2. Since the rating of the high income respondents exceeded the low income on the majority of credit practices and since nearly one-half of the low income had plans for adopting one practice and since all low income respondents showed an interest in attending one or more meetings on consumer credit, it was inferred that an educational effort designed to reach the low income home demonstration audience would be justified.

3. Since all interviewees had adopted only about one-third of the 34 recommended consumer credit practices, it was implied that a program should be designed for the general home demonstration audience.

IV. RECOMMENDATIONS

1. Factors found to be different between and within the high, middle and low income groups should be further analyzed, and results used in planning for more effective and efficient future educational work in Madison County.

2. Additional research is needed to identify other motivational factors and methods of education useful in helping all homemakers realize the benefits of adopting recommended credit practices.

3. Further research also should be done to evaluate different approaches and methods for teaching consumer credit to determine which are more effective at all income levels.

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APPENDIX

TABLE I

GROSS INCOME OF ALL MADISON COUNTY HOME DEMONSTRATION CLUB MEMBERS INTERVIEWED BY HIGH, MIDDLE, AND LOW INCOME GROUPS BY PERCENTS

Family Income	Total (N=70) Percent	High (N=28) Percent	Middle (N=19) Percent	Low (N=23) Percent
$1,000-$2,999	33	0	0	100
$3,000-$4,999	27	0	100	0
$5,000-$6,999	20	50	0	0
$7,000-$8,999	13	32	0	0
$9,000-$10,999	3	7	0	0
$13,000-$15,999	4	11	0	0
TOTAL	100	100	100	100
MEDIAN INCOME	4,211	7,111	4,053	2,042

TABLE II

AVERAGE CONSUMER CREDIT PRACTICE DIFFUSION RATINGS AND TOTAL AVERAGE RATINGS OF ALL MADISON COUNTY HOME DEMONSTRATION CLUB MEMBERS INTERVIEWED IN HIGH, MIDDLE, AND LOW INCOME GROUPS

Consumer Credit Practice	Total (N=70) Average Rating	High (N=28) Average Rating	Middle (N=19) Average Rating	Low (N=23) Average Rating
RELATED TO BUYING (1-12)				
1. Considered the purchase price when goods and/or services were obtained on credit	5.00	5.00	5.00	5.00
2. Regarded the trade-in allowance when goods and/or services were obtained on credit	4.99	5.00	5.00	4.96
3. Arranged the payment date when goods and/or services were obtained on credit	4.93	5.00	5.00	4.78
4. Regarded the amount of down payment when goods and/or services were obtained on credit	4.90	5.00	5.00	4.70
5. Considered the amount and number of payments when goods and/or services were obtained on credit	4.86	4.93	4.90	4.74
6. Examined the contract to know exactly what was purchased when goods and/or services were obtained on credit	4.83	4.75	4.90	4.83

TABLE II (continued)

Consumer Credit Practice	Total (N= 70) Average Rating	High (N=28) Average Rating	Middle (N=19) Average Rating	Low (N=23) Average Rating
7. Inquired concerning to whom payments would be made when goods and/or services were purchased on credit	4.17	4.36	3.84	4.30
8. Considered the total amount due when goods and/or services were obtained on credit	4.11	4.50	4.21	3.61
9. Examined the seller's guarantee for maintenance service or replacement when goods and/or services were obtained on credit	3.30	3.61	3.42	2.87
10. Made the down payment as large as possible in most cases when goods and/or services were obtained on credit	3.21	3.21	3.16	3.26
11. Inquired concerning what would happen if a payment was missed when goods and/or services were obtained on credit	2.93	3.50	2.90	2.39
12. Checked the amount of interest and service charges in dollars and simple annual interest rate when goods and/or services were obtained on credit	2.22	2.36	2.42	1.87

TABLE II (continued)

Consumer Credit Practice	Total (N=70) Average Rating	High (N=28) Average Rating	Middle (N= 19) Average Rating	Low (N=23) Average Rating
RELATED TO BORROWING (13-26)				
13. Arranged the payment dates when loans were made	4.86	4.93	4.95	4.70
14. Determined to whom loan payments would be made	4.81	4.96	4.90	4.57
15. Compared the specified amount of the loan with actual dollars received	4.79	4.89	4.84	4.65
16. Considered the amount and number of payments when obtaining a loan	4.65	4.82	4.53	4.61
17. Analyzed the total amount of loan	4.62	4.93	4.42	4.52
18. Determined what collateral would be involved when securing a loan	4.45	4.54	4.90	3.91
19. Considered the total amount to be repaid when obtaining a loan	4.20	4.46	4.26	3.87
20. Planned to repay loans with money not designated for other purposes	4.10	4.11	4.37	3.83
21. Regarded the amount of interest in dollars when obtaining a loan	3.89	4.11	4.21	3.35

TABLE II (continued)

Consumer Credit Practice	Total (N=70) Average Rating	High (N=28) Average Rating	Middle (N=19) Average Rating	Low (N=23) Average Rating
22. Inquired of the result if a loan payment was missed before borrowing money	3.47	4.43	3.16	2.83
23. Investigated the honesty and reputation of the lender before obtaining loan	3.07	3.25	3.53	2.44
24. Inquired whether loan could be paid off early without a penalty when borrowing money	2.63	3.00	2.79	2.09
25. Sought information on refinancing the loan in advance	2.60	2.71	2.95	2.13
26 Regarded the true annual rate of interest when obtaining a loan	2.06	2.29	2.32	1.57
RELATED TO CREDIT PURCHASES AND LOANS (27-34)				
27. Kept a copy of the completed contract of credit purchases and loans	4.66	4.82	4.68	4.48
28. Made credit purchases or loans only when necessary	4.44	4.39	4.53	4.39

TABLE II (continued)

	Total (N=70) Average Rating	High (N=28) Average Rating	Middle (N=19) Average Rating	Low (N=23) Average Rating
29. Kept credit purchases and loans in a limited number of places	4.19	4.18	4.16	4.22
30. Made the repayment period as short as possible in most cases on credit purchases and loans	3.63	3.82	3.42	3.65
31. Used short-term (usually 30 days, sometimes 60 to 90 days) credit when possible on credit purchases and loans	3.14	3.39	3.26	2.78
32. Shopped for the lowest interest rates when credit purchases and loans were made	2.48	2.86	2.63	1.96
33. Avoided signing blank contracts or ones with lines left blank when making credit purchases and loans	1.94	2.57	1.90	1.35
34. Sought the advice of professionals in planning for credit purchases and loans	1.93	2.14	2.00	1.65
AVERAGE RATING	3.83	4.00	3.91	3.41

TABLE III

TOTAL AVERAGE PERCENTS OF ALL MADISON COUNTY HOME DEMONSTRATION CLUB MEMBERS INTERVIEWED WITH REGARD TO CONSUMER CREDIT PRACTICES

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
RELATED TO BUYING (1-12)							
1. Considered the purchase price when goods and/or services were obtained on credit	100	0	0	0	0	0	100
2. Regarded the trade-in allowance when goods and/or services were obtained on credit	100	0	0	0	0	1	99
3. Arranged the payment date when goods and/or services were obtained on credit	100	1	0	0	0	0	99
4. Regarded the amount of down payment when goods and/or services were obtained on credit	100	0	1	1	0	0	98
5. Considered the amount and number of payments when goods and/or services were obtained on credit	100	0	2	2	0	2	94

TABLE III (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
6. Examined the contract to know exactly what was purchased when goods and/or services were obtained on credit	100	0	0	0	6	0	94
7. Inquired concerning to whom payments would be made when goods and/or services were purchased on credit	100	1	2	8	20	5	64
8. Considered the total amount due when goods and/or services were obtained on credit	100	1	6	6	18	5	64
9. Examined the seller's guarantee for maintenance service or replacement when goods and/or services were obtained on credit	100	6	8	6	37	17	26
10. Made the down payment as large as possible in most cases when goods and/or services were obtained on credit	100	6	19	17	7	9	42
11. Inquired concerning what would happen if payment was missed when goods and/or services were obtained on credit	100	6	21	12	23	7	30

TABLE III (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
12. Checked the amount of interest and service charges in dollars and simple annual interest rate when goods and/or services were obtained on credit	100	5	20	28	42	5	0
RELATED TO BORROWING (13-26)							
13. Arranged the payment dates when loans were made	100	0	2	0	1	10	87
14. Determined to whom loan payments would be made	100	1	0	0	0	13	86
15. Compared the specified amount of loan with actual dollars received	100	0	0	0	1	18	81
16. Considered the amount and number of payments when obtaining a loan	100	2	0	1	5	13	79
17. Analyzed the total amount of the loan	100	0	0	3	4	21	72
18. Determined what collateral would be involved when securing loan	100	0	8	3	2	10	77

TABLE III (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
19. Considered total amount to be repaid when obtaining a loan	100	1	1	3	20	20	55
20. Planned to repay loans with money not designated for other purposes	100	1	7	2	17	13	60
21. Regarded the amount of interest in dollars when obtaining a loan	100	3	4	5	25	15	48
22. Inquired of result if loan payment was missed before borrowing money	100	4	11	3	36	8	38
23. Investigated the honesty and reputation of the lender before obtaining a loan	100	14	12	10	19	7	38
24. Inquired whether loan could be paid off early without a penalty when borrowing money	100	11	16	9	35	18	10
25. Sought information on refinancing the loan in advance	100	8	16	18	36	10	12

TABLE III (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
26. Regarded the true annual rate of interest when obtaining a loan	100	9	23	22	44	2	0
RELATED TO CREDIT PURCHASES AND LOANS (27-34)							
27. Kept a copy of completed contract of credit purchases and loans	100	1	2	3	1	9	84
28. Made credit purchases or loans only when necessary	100	0	2	5	11	10	72
29. Kept credit purchases and loans in a limited number of places	100	3	4	7	10	9	67
30. Made the repayment period as short as possible in most cases on credit purchases and loans	100	4	8	8	8	5	67
31. Used short-term (usually 30 days, sometimes 60-90 days) credit when possible on credit purchases and loans	100	6	16	20	8	16	34

TABLE III (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
32. Shopped for lowest interest rates when credit purchases and loans were made	100	10	10	24	45	3	8
33. Avoided signing blank contracts or ones with lines left blank when making credit purchases and loans	100	22	20	14	35	4	5
34. Sought the advice of professionals in planning for credit purchases and loans	100	7	33	28	26	6	0
AVERAGE PERCENT	100	4	8	8	15	9	56

TABLE IV

PERCENTS OF ALL MADISON COUNTY HOME DEMONSTRATION CLUB MEMBERS
INTERVIEWED IN THE HIGH INCOME GROUP WITH REGARD TO CONSUMER CREDIT PRACTICES

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
RELATED TO BUYING (1-12)							
1. Considered the purchase price when goods and/or services were obtained on credit	100	0	0	0	0	0	100
2. Regarded the trade-in allowance when goods and/or services were obtained on credit	100	0	0	0	0	0	100
3. Arranged the payment date when goods and/or services were obtained on credit	100	0	0	0	0	0	100
4. Regarded the amount of down payment when goods and/or services were obtained on credit	100	0	0	0	0	0	100
5. Considered the amount and number of payments when goods and/or services were obtained on credit	100	0	0	0	0	7	93

TABLE IV (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
6. Examined the contract to know exactly what was purchased when goods and/or services were obtained on credit	100	0	0	0	4	0	96
7. Inquired concerning to whom payments would be made when goods and/or services were purchased on credit	100	0	0	4	21	11	64
8. Considered the total amount due when goods and/or services were obtained on credit	100	0	3	4	7	11	75
9. Examined the seller's guarantee for maintenance service or replacement when goods and/or services were obtained on credit	100	4	7	7	25	21	36
10. Made the down payment as large as possible in most cases when goods and/or services were obtained on credit	100	3	18	18	11	14	36

TABLE IV (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
11. Inquired concerning what would happen if a payment was missed when goods and/or services were obtained on credit	100	7	7	11	21	11	43
12. Checked the amount of interest and service charges in dollars and simple annual interest rate when goods and/or services were obtained on credit	100	7	18	18	46	11	0
RELATED TO BORROWING (13-26)							
13. Arranged the payment dates when loans were made	100	0	0	0	0	7	93
14. Determined to whom loan payments would be made	100	0	0	0	0	4	96
15. Compared the specified amount of loan with actual dollars received	100	0	0	0	0	11	89
16. Considered the amount and number of payments when obtaining a loan	100	0	0	4	0	7	89

TABLE IV (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
17. Analyzed the total amount of loan	100	0	0	0	0	7	93
18. Determined what collateral would be involved when securing a loan	100	0	7	4	4	0	85
19. Considered the total amount to be repaid when obtaining a loan	100	4	0	4	7	10	75
20. Planned to repay loans with money not designated for other purposes	100	3	0	3	22	18	54
21. Regarded the amount of interest in dollars when obtaining a loan	100	4	0	7	21	7	61
22. Inquired of result if a loan payment was missed before borrowing money	100	4	0	0	14	11	71
23. Investigated the honesty and reputation of the lender before obtaining a loan	100	15	7	7	21	11	39

TABLE IV (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
24. Inquired whether the loan could be paid off early without a penalty when borrowing money	100	7	7	7	47	21	11
25. Sought information on refinancing the loan in advance	100	4	18	21	32	11	14
26. Regarded the true annual rate of interest when obtaining a loan	100	4	21	18	57	0	0
RELATED TO CREDIT PURCHASES AND LOANS (27-34)							
27. Kept a copy of completed contract of credit purchases and loans	100	0	0	4	0	7	89
28. Made credit purchases or loans only when necessary	100	0	3	0	18	11	68
29. Kept credit purchases and loans in a limited number of places	100	0	4	11	14	7	64
30. Made the repayment period period as short as possible in most cases on credit purchases and loans	100	0	0	0	4	0	96

TABLE IV (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
31. Used short-term (usually 30 days, sometimes 60-90 days) credit when possible on credit purchases and loans	100	0	14	25	7	15	39
32. Shopped for lowest interest rates when credit purchases and loans were made	100	11	7	14	43	4	21
33. Avoided signing blank contracts or ones with lines left blank when making credit purchases and loans	100	11	18	7	42	11	11
34. Sought the advice of professionals in planning for credit purchases and loans	100	7	18	40	25	10	0

TABLE V

PERCENTS OF ALL MADISON COUNTY HOME DEMONSTRATION CLUB MEMBERS
INTERVIEWED IN THE LOW INCOME GROUP WITH REGARD TO CONSUMER CREDIT PRACTICES

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
RELATED TO BUYING (1-12)							
1. Considered the purchase price when goods and/or services were obtained on credit	100	0	0	0	0	0	100
2. Regarded the trade-in allowance when goods and/or services were obtained on credit	100	0	0	0	0	4	96
3. Arranged the payment date when goods and/or services were obtained on credit	100	4	0	0	0	0	96
4. Regarded the amount of down payment when goods and/or services were obtained on credit	100	0	4	4	0	0	92
5. Considered the amount and number of payments when goods and/or services were obtained on credit	100	0	4	0	4	0	92

TABLE V (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
6. Examined the contract to know exactly what was purchased when goods and/or services were obtained by credit	100	0	0	0	9	0	91
7. Inquired concerning to whom payments would be made when goods and/or services were purchased on credit	100	4	0	4	18	0	74
8. Considered the total amount due when goods and/or services were obtained on credit	100	4	9	8	26	4	49
9. Examined the seller's guarantee for maintenance service or replacement when goods and/or services were obtained on credit	100	9	17	0	44	13	17
10. Made the down payment as large as possible in most cases when goods and/or services were obtained on credit	100	9	18	13	4	13	43
11. Inquired concerning what would happen if a payment was missed when goods and/or services were obtained on credit	100	13	35	4	17	9	22

TABLE V (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
12. Checked the amount of interest and service charges in dollars and simple annual interest rate when goods and/or services were obtained on credit	100	4	31	39	26	0	0
RELATED TO BORROWING (13-26)							
13. Arranged the payment dates when loans were made	100	0	0	0	4	22	74
14. Determined to whom loan payments would be made	100	4	0	0	0	22	74
15. Compared the specified amount of loan with actual dollars received	100	0	0	0	4	26	70
16. Considered amount and number of payments when obtaining a loan	100	0	0	0	9	21	70
17. Analyzed total amount of loan	100	0	0	4	0	35	61
18. Determined what collateral would be involved when securing a loan	100	0	17	4	4	18	57

TABLE V (continued)

	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
19. Considered the total amount to be repaid when obtaining a loan	100	0	4	4	22	39	31
20. Planned to repay loans with money not designated for other purposes	100	0	17	4	18	0	61
21. Regarded the amount of interest in dollars when obtaining a loan	100	4	13	4	31	17	31
22. Inquired of the result if a loan payment was missed before borrowing money	100	9	17	9	35	9	21
23. Investigated the honesty and reputation of the lender before obtaining a loan	100	26	13	13	17	0	31
24. Inquired whether the loan could be paid off early without a penalty when borrowing money	100	17	31	9	17	22	4
25. Sought information on refinancing the loan in advance	100	4	0	0	0	22	74

TABLE V (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
26. Regarded the true annual rate of interest when obtaining a loan	100	13	39	26	22	0	0
RELATED TO CREDIT PURCHASES AND LOANS (27-34)							
27. Kept a copy of completed contract of credit purchases and loans	100	4	0	4	4	9	79
28. Made credit pruchases or loans only when necessary	100	0	4	9	4	9	74
29. Kept credit purchases and loans in a limited number of places	100	4	9	4	4	0	79
30. Made the repayment period as short as possible in most cases on credit purchases and loans	100	13	9	4	9	4	61
31. Used short-term (usually 30 days, sometimes 60-90 days) credit when possible on credit purchases and loans	100	13	17	13	13	22	22

TABLE V (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
32. Shopped for the lowest interest rates when credit purchases and loans were made	100	18	13	35	30	0	4
33. Avoided signing blank contracts or ones with lines left blank when making credit purchases and loans	100	35	22	17	26	0	0
34. Sought the advice of professionals in planning for credit purchases and loans	100	9	48	17	22	4	0

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COOPERATIVE EXTENSION WORK IN AGRICULTURE AND HOME ECONOMICS
The University of Tennessee Institute of Agriculture and U. S. Department of Agriculture
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AGRICULTURAL EXTENSION SERVICE
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